ORDINANCE NO. 2020-25

Introduced by Mayor

Motioned by \_\_\_\_\_\_\_\_\_\_\_

Seconded by \_\_\_\_\_\_\_\_\_\_\_

1st Reading \_\_\_\_\_\_\_\_\_\_\_\_

2nd Reading \_\_\_\_\_\_\_\_\_\_\_

Third Reading \_\_\_\_\_\_\_\_\_\_

Under suspension \_\_\_\_\_\_\_

INTRODUCED BY MAYOR AND COUNCIL AS A WHOLE

**AN EMERGENCY ORDINANCE DETERMINING THE**

**PERIOD OF TAX EXEMPTION FOR AN IMPROVEMENT**

**TO REAL PROPERTY OWNED BY ROCK THE HOUSE ENTERTAINMENT GROUP LOCATED IN OAKWOOD COMMUNITY REINVESTMENT AREA NO. 1;**

**AND AUTHORIZING THE MAYOR TO ENTER INTO A MUNICIPAL REVENUE SHARING AGREEMENT WITH THE BEDFORD CITY SCHOOLS DISTRICT**

**WHEREAS,** The Mayor, as Housing Officer, certifies that the improvement to the commercial property in Oakwood Community Reinvestment Area No. 1 owned by Rock The House Entertainment Group. qualifies for real property tax exemption under Ordinance 1991-72 as amended by Ordinances 1996-61 and 2001-22; and

**WHEREAS,** The Mayor, as Housing Officer, has given notice to the Board of Education in the school district in which the proposed tax exempted property is located pursuant to Section 5709.83 of the Ohio Revised Code; and

**WHEREAS,** Council must determine the period of such exemption:

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the Village of Oakwood, County of Cuyahoga, and State of Ohio, that:

**SECTION 1.** To the extent that the addition and improvements to the existent building to the real property located at 7777 First Place, also known as Permanent Parcel Number 795-46-003, which is within the Village of Oakwood and within Oakwood Community Reinvestment Area No. 1, and owned by Rock The House Entertainment Group or its successor(s) in interest, increase the market value of the real property improvements, such amount shall be and hereby is, exempt from real property taxation pursuant to Ordinance 1991-72, as amended by Ordinances 1996-61 and 2001-22, and Section 3735.67(D)(3) of the Ohio Revised Code for a period of fifteen (15) years, beginning in the year following the calendar year of certification of the above to the County Auditor by the Village Housing Officer after the completion of each building. Said exemption shall cover one hundred percent (100%) of the dollar amount by which the improvements increase the market values of the real property improvements. Any additional development on the balance of Permanent Parcel Number 795-46-003, similar in nature to that presently proposed, will be granted similar incentives provided such development occurs within five (5) years of the adoption of this Ordinance. In addition, all tap-in, permit and review fees as well as the abatement application fee shall be waived for the construction of this facility and items related thereto as and for additional economic incentive to Rock The House Entertainment Group for its project within the Village of Oakwood, Ohio.

**SECTION** 2. The period of said exemption shall terminate before the end of fifteen (15) years or at any time after the first year of exemption if the Housing Officer finds and certifies delinquency in a payment of property taxes for the subject property or that the subject property has not been maintained or repaired due to the negligence of the owner.

**SECTION 3.** Rock The House Entertainment Group, agrees to donate the sum of $5,000.00 per year for ongoing support of the Bedford City School District campaign. Rock The House Entertainment Group agrees to make fifteen (15) yearly installments commencing on June 1st of the first year for which Rock The House Entertainment Group receives a tax abatement as provided herein.

**SECTION 4.** In the event Rock The House Entertainment Group or its successor(s) in interest, fail to construct the building indicated in its application, which application is attached hereto and expressly made a part hereof by reference and marked Exhibit “A”, within twelve months of the date of this Ordinance this exemption shall become null and void. If Rock The House Entertainment Group or its successor(s) in interest shall, for any reason, cease operation of the buildings contemplated hereunder, it shall reimburse to the County Auditor for proper distribution an amount equal to 100% of the tax incentive dollars it has saved as a result of this Ordinance to the point operations have ceased.

**SECTION 5.** In the event the real property tax, as it is presently constituted, is eliminated by the State of Ohio and if a new tax, in whatever form, replaces said real property tax and in the further event abatement from the payment of the new tax is permitted by applicable law, the Village of Oakwood agrees to allow for the substitution of this abatement for an abatement of the new tax in the same proportion and for the remaining duration of the existing abatement provided such substitution is approved by any governmental entity having jurisdiction over such matters including, but not limited to, the local School Board.

**SECTION 6.** A Municipal Income Tax Revenue Sharing Agreement between the Village of Oakwood and he Bedford City Schools District, a copy of which is attached hereto, expressly made a part hereof by reference and marked Exhibit “B”, is hereby approved. The Mayor be and he is hereby authorized to execute such Agreement on behalf of the Village when it has been approved by the Bedford City Schools District.

**SECTION** 7. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the inhabitants of the Village, the reason for the emergency being that the same relates to the daily operation of a municipal department and the provision of economic development and opportunities beneficial to the citizens of the Village of Oakwood, therefore, provided it receives two-thirds of the vote of all members of Council elected thereto, said Ordinance shall be in full force and effect immediately upon its adoption by this Council and approval by the Mayor, otherwise from and after the earliest period allowed by law.

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PASSED:

Johnnie A. Warren, President of Council

Debra L. Hladky, Clerk of Council

Presented to the

Mayor

Approved:

Mayor, Gary V. Gottschalk

I, Debra L. Hladky, Clerk of Council of the Village of Oakwood, County of Cuyahoga and State of Ohio, do hereby certify that the foregoing Ordinance No. 2020-25 was duly and regularly passed by this Council at the meeting held on the \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020.

Debra L. Hladky, Clerk of Council

POSTING CERTIFICATE

I, Debra L. Hladky, Clerk of Council of the Village of Oakwood, County of Cuyahoga and State of Ohio, do hereby certify that Ordinance No. 2020 – 25 was duly posted on the day of , 2020, and will remain posted for a period of fifteen (15) days thereafter in the Council Chambers and in not less than five (5) of the most public places in the municipality as determined by the Council of the said Village.

Debra L. Hladky, Clerk of Council

DATED: \_

EXHIBIT A

**VILLAGE OF OAKWOOD**

**Application for the**

**Community Reinvestment Area Program**

**EXHIBIT B**

**MUNICIPAL INCOME TAX REVENUE SHARING AGREEMENT**

This Agreement is made this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020 by and between the Village of Oakwood (the “Village”) and the Bedford City Schools District (the “District”).

**W I T N E S S E T H:**

**WHEREAS**, the Village may, under the authority of the Ohio Revised Code, grant an exemption from taxation for real property as a result of certain development occurring in the Village’s Community Reinvestment Area; and

**WHEREAS**, the Village and District may agree to compensate the District by a certain percentage of the amount of income tax revenue realized from the proposed development or a lump sum amount; and

**WHEREAS**, Rock The House Entertainment Group has proposed development in the Village's Community Investment Area which will result in the abatement of real property taxes for a certain period of time; and

**WHEREAS**, the Village has agreed to pay to the District for each year a tax abatement was in place fifteen percent (15%) of the income tax revenue received by the Village as a result of the occupancy by way of lease, ownership or otherwise of any employer located on an abated property in the Village’s Community Reinvestment area:

**WHEREAS**, the Village and District desire to enter into this revenue sharing Agreement which will be beneficial to both parties:

**NOW THEREFORE**, in consideration of the exchange of the mutual covenants expressed herein the parties hereto agree as follows:

1. Rock The House Entertainment Group is proposing to construct an approximately 15,000 S.F. pre-engineered metal addition to the existing building and relocate 40 parking spaces to a rear wooded area of the property (the “Project”), at 7777 First Place, also known as Permanent Parcel No. 795-46-003, within the Village which is located in the Village's Community Reinvestment Area No. 1 (hereinafter the "Abated Properties")

2. The Village is proposing to grant Rock The House Entertainment Group or its successor(s) in interest, a one hundred (100%) real property tax abatement for any increase in fair market value the construction of the Project causes to such property for a fifteen (15) year period.

3. During any tax abatement years in which the District would have received real property tax payments derived from the Project but for the Village authorizing for that Project the tax abatement described above, the Village agrees to pay to the District for that year an amount equal to fifteen (15%) percent of the Additional Withholding Income Tax Revenues received by the Village as a result of the occupancy by way of ownership, lease or otherwise of any employer occupying the Project’s building. As used in this Agreement, “Additional Withholding Income Tax Revenues” means income tax on an annual payroll of over $2.6 million (the payroll for Rock The House Entertainment Group in 2019). In the event that the annual payroll is less than $2.2 million, the percent paid to the District would be fifty (50%) percent of the additional withholding income tax revenues.

4. The Village agrees to submit such payment to the District no later than June 1st of the year following any year which this Agreement applies to. Failure to remit such payment shall result in a penalty of $5.00 per $1,000.00 liability, in addition to interest which shall accrue at the rate of 5% per annum. In addition, failure of timely receipt of such payment will result in the District representative on the Oakwood Village Tax Incentive Review Committee (TIRC) casting a “no” vote to continue the property tax abatement for Premier Commercial Realty LLC at the TIRC annual meeting.

5. This Agreement may be modified or amended by the parties only in writing signed by both parties to the Agreement. The invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement.

6. Payments under the provisions of this Agreement shall be subject to the annual appropriation procedure of the Village. In addition, should the State of Ohio change the funding for school districts in such a way as to financially benefit the Bedford City School District beyond its current level of funding (*i.e*., increase in unvoted millage, allowance for inflationary increases in voted millage, direct payments, etc.), then in that event, the reimbursement paid pursuant to Section 3 shall be modified and adjusted in relation to the change in funding on a dollar for dollar basis.

**IN WITNESS WHEREOF,** the parties hereto have caused this Agreement to be executed as of the date first listed above.

Village of Oakwood The Bedford City Schools District

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor Gary V. Gottschalk Superintendent

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Treasurer

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President of the Board of Education